



# **Army Chief Financial Officer's (CFO) Strategic Plan**

## **Proposal:**

**Use Army Installation Property Book  
Offices to Provide Accountability and  
Reporting for Government Furnished  
Equipment (GFE)**

September 19, 2023

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# Regulatory Requirements

**DoD Instruction 5000.64, “Defense Property Accountability,”:** *DoD Components shall establish records and maintain accountability for property (of any value) provided to third parties (including contractors) where property was formerly in the Government’s possession, and where title of the property remains with the Government.*

**Federal Acquisition Regulation Part 45.105:** *Contractor records of Government property established and maintained under the terms of the contract are the Government's official Government property records. Duplicate official records shall not be furnished to or maintained by Government personnel, except as provided in paragraph (b) of this section.*

*(b) Contracts may provide for the contracting office to maintain the Government's official Government property records when the contracting office retains contract administration and Government property is furnished to a contractor-*

- (1) For repair or servicing and return to the shipping organization;*
- (2) For use on a Government installation;*
- (3) Under a local support service contract;*
- (4) Under a contract with a short performance period; or*
- (5) When otherwise determined by the contracting officer to be in the Government's interest.*

**Federal Acquisition Regulation Part 45.102:** *Contractors are ordinarily required to furnish all property necessary to perform government contracts.*

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# Proposal Concept

Accountability for Government Furnished Equipment (GFE) and Contractor Acquired Property (CAP), exceeding the Army property accountability threshold of \$2,500, will be performed by the Army's network of installation property book offices using the Army's approved CFO compliant STAMIS Defense Property Accountability System (DPAS).

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# Current Condition

- The Army estimates there is approximately \$5 billion of GFE in the hands of contractors; however, current business procedures cannot provide an accurate value.
- The Army's 3<sup>rd</sup> quarter 2003 financial statements included \$124 million of capitalized GFE reported from the installation property books currently using DPAS.
- AR 735-5 is the Army's governing regulation for Army Property Accountability for personal property. When revised, the regulation will require GFE issued to contractors to be maintained on and reported by the installation property book.
- Under this proposal, accountability for GFE will be aligned with the Army's property accountability threshold (\$2,500 and above).
- The Army's installation property books are currently using DPAS to account for and report CFO reportable Army-wide equipment for financial statement purposes.

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# Action Plan

- ASA(ALT) and Army G-4 officially notify pilot sites on the modification of contracts for the in-house administration of Government furnished property.
- Develop an implementation strategy to record GFE on Army installation property books by FY2006.
- Develop metrics and internal controls to enforce policy in AR 700-90 to reduce the amount of property furnished to contractors with the intent to significantly reduce contractor furnished property.

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## Action Plan (cont'd)

- Use the DPAS Data Mapping Conversion document to create initial inventory listing to record GFE into DPAS for sites with a large amount of records. Sites with minimal records will be manually entered into DPAS by the installation property book offices.
- Incorporate the lessons learned from existing Army installation property books currently accounting for GFE on DPAS in the business rules for the pilot sites.
- Army G-4 and ASA(ALT) prepare modifications to Army Regulations and the Army Federal Acquisition Regulation (AFAR) to communicate that the Government will maintain the official Government property records and Contractors are required to maintain Stewardship records for GFE.

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# **Roles and Responsibilities ASA(ALT)**

- Develop AFAR GFE CFO Compliance clause.
- Prepare the proposed contract clauses (if needed) for contractors to provide the necessary records to the Installation Property Book Office.
- Ensure field level Contracting Officers are complying with the Army's GFE effort.

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# Roles and Responsibilities Contracting Officer (KO)

- Modify *existing* contracts to contain FAR Part 45.105 (b) language and an AFAR GFE CFO Compliance clause (to be drafted).
- Issue *new* contracts with FAR 45.105 (b) language and an AFAR GFE CFO Compliance clause (to be drafted).
- Designate ACO/PA/Contractor as Hand Receipt Holder

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# **Roles and Responsibilities Administering Contracting Officer (ACO)/Property Administrator (PA)**

- Sign the hand receipt or ensure contractors (if designated) are signing the hand receipt.
- Ensure the contractor is fully responsible for the GFE contained on the hand receipt.
- Ensure the contractor is notifying the Installation Property Book Office of any changes to the disposition of property on their hand receipts.
- Ensure the contractor is performing annual inventory of the GFE and report any additions, deletions or changes to the Installation Property Book Office.
- Ensure the contractor is performing all the functions of a hand receipt holder IAW AR 710-2 2-5g.

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# **Roles and Responsibilities Contractor**

- Contractor (if designated as Hand Receipt Holder) will sign their hand receipts and be accountable for the GFE issued to them on their hand receipt.
- Contractor will notify Installation Property Book Office (thru ACO/PA) of any changes to the disposition of property on their hand receipts.
- Contractor will perform annual inventory of GFE and report any additions, deletions or changes to the Installation Property Book Office.

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# **Roles and Responsibilities Army G-4**

- Update ARs 710-2 and 735-5 for the management and accountability of GFE issued on Army contracts.
- Review the GFE financial submission for quarterly and annual CFO financial statements.

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# **Roles and Responsibilities Installation Property Book Office**

- Manage the initial transition of GFE to the installation property book using DPAS in accordance with AR 735-5 and AR 710-2.
- Ensure existence, completeness and valuation for GFE recorded on installation property books to include obtaining external source documentation in conjunction with the Contracting Officer or their designated representative.
- Establish hand receipts for each contract or establish one or multiple hand receipts for each contractor with sub hand receipts denoting each contract.

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# Accountability Thresholds

- AR735-5 is to be modified to increase the property accountability threshold to \$2,500 from the current threshold of \$300.
- DFAR is to be modified to increase the property accountability threshold to \$5,000 and above.
- DoDI 5000.64 requires DoD Components to establish records and maintain accountability for property (of any value) provided to third parties (including contractors) where property was formerly in the Government's possession, and where title of the property remains with the Government.

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# CFO Reportable Thresholds

- General Fund: \$100,000
- Army Working Capital Fund (AWCF):

<b>Threshold</b>	<b>Acquisition Date</b>
\$100,000	10/01/95 to Present
\$50,000	10/01/94 to 9/30/95
\$25,000	10/01/93 to 9/30/94
\$15,000	10/01/91 to 9/30/93
\$5,000	10/01/84 to 9/30/91
\$1,000	10/01/77 to 9/30/84
\$300	Prior to 9/30/77

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# Additional Considerations

- Determine the universe (existence and completeness).
- Determine the accuracy and validity of initial data load.
- Develop procedures for recording new and existing data on Army CFO compliant approved STAMIS.
- GCSS-A/PBUS-E functionality to account for GFE.
- GOCO installations do not have Government property book offices to manage contractor property; however, they do have property administrators.

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